

UNIFIED SCHOOL DISTRICT NUMBER 367
Osawatomie, Kansas

**FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT**

June 30, 2014

**Unified School District 367
Osawatomie, Kansas**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District Number 367
Osawatomie, Kansas

Report on Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District Number 367, Kansas, as of and for the year ended June 30, 2014 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note C to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note C of the financial statement, the financial statement is prepared by the Unified School District Number 367, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note C and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis of Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America,



the financial position of Unified School District Number 367, Kansas as of June 30, 2014, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District Number 367, Kansas as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note C.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditure-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds, and schedule of regulatory basis receipts and expenditures-district activity funds (Schedule 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133 Audits of States, Local Governments and Non-Profit Organizations* and is also not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note C.

Other reporting required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Prior Year Comparative

The 2013 Actual column presented in the individual fund schedule of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2014 basic financial statement upon which we have rendered an unmodified opinion dated December 4, 2014. The 2013 basic financial statement and our accompanying report are not presented herein, but available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2013 comparative information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 basic financial statement. The 2013 comparative information was subjected to the auditing procedures applied in the audit of the 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 basic financial statement or the basic financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the 2013 comparative information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting describe in Note C.



Agler & Gaeddert, Chartered
December 4, 2014

Unified School District Number 367
Osawatomie, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS
For Year Ended June 30, 2014

	<u>Beginning Unencumbered Cash Balances</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Receipts</u>
Governmental type funds			
General Funds			
General	\$ 0	\$ 0	\$ 8,867,489
Supplemental general	3,241	0	2,456,906
Special Purpose Funds			
Adult education	228	0	79,832
Adult Supplementary Education	119,455	0	478,860
At risk - 4 year old	0	0	65,000
At risk - K-12	0	0	1,500,000
Capital outlay	658,581	0	162,250
Driver training	12,972	0	16,636
Food service	18,354	0	783,540
Professional development	8,246	0	15,500
Parent education program	0	0	19,755
Special education	200,577	0	2,764,660
KPERS special retirement contribution	0	0	689,795
Vocational education program	0	0	232,078
Gifts & grants	44,695	0	205,178
Carl Perkins grant	0	0	10,836
Contingency reserve	155,123	0	0
Textbook & student materials	10,333	0	10,540
Title I	0	0	281,656
Title II A - teacher quality	0	0	62,459
Fees and user charges	35	0	74,290
Gate receipts	0	0	34,662
Bond & Interest Fund			
Bond and interest	646,151	0	1,356,426
Capital Projects Fund			
Construction	0	0	3,480,311
Business Fund			
Health Insurance	0	0	621,628
Trust Funds			
Expendable Scholarship & other trusts	203,123	0	13,413
Permanent Scholarship & other trusts	1,310,587	0	(28,146)
 Total reporting entity (excluding agency funds)	 \$ 3,391,701	 \$ 0	 \$ 24,255,554

Composition of ending cash

Demand Deposits and Money Markets

Great Southern Bank - money market	\$ 38,619
Great Southern Bank - Activity	113,350
First Option Bank - money market	1,485,211
First Option Bank - checking	(440,134)
Landmark Bank - money market	86,138
Landmark Bank - checking	38,460

Composition of ending cash - continued

Time Deposits

S II Investments	\$ 30,944
Edward Jones	91,177
Great Southern Bank	1,035
First Option Bank	208,686
Landmark Bank	128,870

The accompanying notes are an integral part of this statement.

Statement 1

<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
\$ 8,867,489	\$ 0	\$ 192	\$ 192
2,400,000	60,147	2,272	62,419
80,060	0	0	0
510,047	88,268	0	88,268
65,000	0	0	0
1,500,000	0	0	0
166,319	654,512	0	654,512
12,813	16,795	0	16,795
783,790	18,104	0	18,104
15,465	8,281	2,122	10,403
19,755	0	0	0
2,776,273	188,964	0	188,964
689,795	0	0	0
232,078	0	0	0
184,835	65,038	212	65,250
10,836	0	1,064	1,064
0	155,123	0	155,123
10,583	10,290	0	10,290
281,656	0	0	0
62,459	0	0	0
74,290	35	0	35
34,662	0	0	0
1,324,429	678,148	0	678,148
3,321,659	158,652	817,827	976,479
485,544	136,084	33,820	169,904
13,964	202,572	0	202,572
40,452	1,241,989	0	1,241,989
<u>\$ 23,964,253</u>	<u>\$ 3,683,002</u>	<u>\$ 857,509</u>	<u>\$ 4,540,511</u>

Composition of ending cash - continued**Governmental investments**

Edward Jones	\$ 745,455
S II Investments	1,353,735
Kansas Municipal Investment Pool	772,279

Total cash

and investments	\$ 4,653,825
Less Agency funds Per Schedule 3	113,315
	<u>\$ 4,540,510</u>

The accompanying notes are an integral part of this statement.

**Unified School District Number 367
Osawatomie, Kansas**

**NOTES TO FINANCIAL STATEMENT
June 30, 2014**

NOTE A. MUNICIPAL REPORTING ENTITY

Unified School District Number 367 is a municipal corporation governed by an elected seven-member board. As required by generally accepted accounting principles, these financial statements include all the accounts for which the District is considered to be financially accountable. The District has no component units.

NOTE B. REGULATORY BASIS FUND TYPES

The accounts of the District are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The District potential could have the following types of funds.

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific revenues sources (other than Capital Project and tax levies for long-term debt) that are intended for specific purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and used to make payments of general long-term debt.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund – funds financed in whole or part by fees charged to users of goods or services (i.e. enterprise and internal service funds etc.).

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency fund – funds used to report assets held by the municipal reporting entity in purely a custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

NOTE C. BASIS OF ACCOUNTING

Regulatory Basis of Accounting and departure from Accounting Principles Generally Accepted in the United States of America - The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above.

Unified School District Number 367, Kansas has approved a resolution that it is in compliance with K.S.A. 75-1120a (c) waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

**Unified School District Number 367
Osawatomie, Kansas**

**NOTES TO FINANCIAL STATEMENT
June 30, 2014**

NOTE D. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), and bond and interest funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were budget amendments to General Fund, At-Risk (K-12) Fund and KPERS Retirement Funds during the year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment for Qualifying Budget Credits – Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

All legal annual operating budgets are prepared using the regulatory basis of accounting in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for the following special purpose funds and trust funds:

Gifts & Grants	Carl Perkins	Contingency Reserve	Textbook & student materials
Title I	Title IIA – teacher quality	Health Insurance	Construction

Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing board.

NOTE E. DEPOSITS AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the District or in an adjoining District if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

**Unified School District Number 367
Osawatomie, Kansas**

NOTES TO FINANCIAL STATEMENT
June 30, 2014

NOTE E. DEPOSITS AND INVESTMENTS – Continued

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. The District rates investments (if any) as noted.

Concentration of credit risk - State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas District, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All bank deposits were legally secured at June 30, 2014.

At June 30, 2014, the carrying amount of the District's bank deposits was \$1,782,356 and the bank balance was \$1,721,579. The difference between carrying amounts and bank balances are outstanding deposits and checks. The bank balance was held by three banks reducing concentration risk. Of the bank balance, \$777,206 was covered by federal depository insurance, and \$944,373 was collateralized with securities held by the pledging financial institution's agents in the District's name.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments be adequately secured. The rating of the District's investments is noted below. Fair values are based upon quoted market values as of June 30, 2014. As of June 30, 2014, the District had the following investments and maturities.

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		<u>Rating</u>
			<u>1-2</u>	<u>2+</u>	
Edward Jones					
Fixed Income Investments	\$ 745,445	\$ 750,538	\$ 36,417	\$ 714,121	Aaa
S II Investments					
Fixed Income Investments	1,353,735	1,390,751	0	1,390,751	Aaa
Kansas Municipal Inv Pool					
Fixed Income Investments	<u>772,279</u>	<u>772,279</u>	<u>772,279</u>	<u>0</u>	Aaa
Total	\$ <u>2,871,459</u>	\$ <u>2,913,568</u>	\$ <u>808,696</u>	\$ <u>2,104,872</u>	
Unrealized gain (loss)					
= fair value – cost	\$ <u>42,109</u>				

Interest Rate Risk – Per Kansas statutes, maturities of investments shall not exceed two years. The District's investments are in compliance with this statute.

**Unified School District Number 367
Osawatomie, Kansas**

**NOTES TO FINANCIAL STATEMENT
June 30, 2014**

NOTE E. DEPOSITS AND INVESTMENTS – Continued

Concentration of credit risk - State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District's allocation of investments as of June 30, 2014, is as follows:

<u>Investments</u>	<u>Percentage of Investments</u>
Edward Jones	26%
S H Investments	48%
Kansas Municipal Investment Pool	26%

NOTE F. LONG-TERM DEBT

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
General Obligation Bonds:				
Series 2005 A	3.40% to 5.00%	04/14/05	9,950,000	09/01/2025
Refunding Series 2005 B	5.25%	04/14/05	580,000	09/01/2017
Refunding Series 2008 A	3.40% to 5.00%	07/01/08	9,950,000	09/01/2016
Refunding Series 2012 A	3.00% to 3.50%	03/15/12	4,475,000	09/01/2025
Series 2013 A	2.00% to 5.00%	07/16/13	4,015,000	09/01/2028
Capital Leases:				
Buses	3.75%	07/01/2009	270,136	07/15/2014
Equinox	0.50%	05/14/2013	46,002	05/01/2015
Laptops	3.30%	07/09/2012	127,735	07/15/2015
Ozone Equipment	3.25%	5/19/2014	86,800	6/1/2019

<u>Issue</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Expense</u>
G. O. Bonds:						
Series 2005 A	\$ 1,335,000	\$ 0	\$ 885,000	\$ (885,000)	\$ 450,000	\$ 50,545
Refunding Series 2005 B	580,000	0	0	0	580,000	30,450
Refunding Series 2008 A	2,390,000	0	570,000	(570,000)	1,820,000	71,600
Refunding Series 2012 A	9,695,000	0	180,000	(180,000)	9,515,000	198,793
Series 2013 A	0	4,015,000	0	4,015,000	4,015,000	102,842
G. O. Bonds Subtotal	14,000,000	4,015,000	1,635,000	2,380,000	16,380,000	454,229
Capital Leases:						
Buses	58,218	0	0	0	58,218	0
Equinox	30,307	0	14,965	(14,965)	15,342	960
Laptops	86,532	0	0	0	86,532	0
Ozone Equipment	0	86,800	1,236	85,564	85,564	337
Capital lease Subtotal	175,057	86,800	16,201	70,599	245,656	1,297
Total Long-Term Debt	\$ 14,175,057	\$ 4,101,800	\$ 1,651,201	\$ 2,450,599	\$ 16,625,656	\$ 455,526

**Unified School District Number 367
Osawatomie, Kansas**

NOTES TO FINANCIAL STATEMENT
June 30, 2014

NOTE F. LONG-TERM DEBT - continued

Debt maturities are as follows:

	June 30,				
	2015	2016	2017	2018	2019
Principal					
G. O. bonds	\$ 945,000	\$ 970,000	\$ 1,010,000	\$ 1,040,000	\$ 1,075,000
Capital leases	<u>131,065</u>	<u>60,741</u>	<u>17,362</u>	<u>17,943</u>	<u>18,544</u>
Total principal	<u>1,076,065</u>	<u>1,030,741</u>	<u>1,027,362</u>	<u>1,057,943</u>	<u>1,093,544</u>
Interest					
G. O. bonds	498,574	468,537	436,812	370,817	340,243
Capital leases	<u>7,946</u>	<u>3,486</u>	<u>1,514</u>	<u>933</u>	<u>333</u>
Total interest	<u>506,520</u>	<u>472,023</u>	<u>438,326</u>	<u>371,750</u>	<u>340,576</u>
Total principal & interest	<u>\$ 1,270,229</u>	<u>\$ 1,502,764</u>	<u>\$ 1,465,689</u>	<u>\$ 1,429,694</u>	<u>\$ 1,434,120</u>

	June 30,		
	2020-2024	2025-2029	Total
Principal			
G. O. bonds	\$ 5,695,000	\$ 5,645,000	\$ 16,380,000
Capital leases	<u>0</u>	<u>0</u>	<u>245,656</u>
Total principal	<u>5,695,000</u>	<u>5,645,000</u>	<u>16,625,656</u>
Interest			
G. O. bonds	1,365,742	620,241	4,100,966
Capital leases	<u>0</u>	<u>0</u>	<u>14,212</u>
Total interest	<u>1,365,742</u>	<u>620,241</u>	<u>4,115,178</u>
Total principal & interest	<u>\$ 7,060,742</u>	<u>\$ 6,265,241</u>	<u>\$ 20,740,833</u>

The District is subject to statutes of the State of Kansas, which limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2014 the statutory limit for the District was \$6,149,060. The District currently exceeds this limit by \$10,230,940. The Kansas State Board of Education has granted a waiver from K.S.A. 79-5037 which allows the District to exceed its debt margin.

Unified School District Number 367
Oswatomie, Kansas

NOTES TO FINANCIAL STATEMENT
June 30, 2014

NOTE F. LONG-TERM DEBT – continued

Defeasance of Debt

The District has defeased certain outstanding debt obligations by placing the proceeds of bonds in a trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account and the defeased bonds are not included in the District's financial statements. On June 30, 2014, the following outstanding bonds are considered defeased:

General Obligation Bond Series 2005 A	\$9,200,000
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Operating Leases

The District entered into operating lease agreements for the use of a copy machine, and a postage machine as allowed by state law. The future minimum payments on the operating leases for the postage meter that have an initial term of one year or longer are:

	Lease Payments
2015	\$ <u>652</u>

Rental payments included in the financial statements for year ended June 30, 2014 were \$5,462.

NOTE G. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$790,309 subsequent to June 30, 2014 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2014.

NOTE H. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	At-Risk 4 yr old	K.S.A. 72-6428	65,000
General Fund	At-Risk K-12	K.S.A. 72-6428	1,500,000
General Fund	Capital Outlay	K.S.A. 72-6428	65,772
General Fund	Special Education	K.S.A. 72-6428	1,924,570
General Fund	Vocational Education	K.S.A. 72-6428	211,010
Supplemental General	Professional Development	K.S.A. 72-6433	15,500
Supplemental General	Parent Education	K.S.A. 72-6433	19,755
Supplemental General	Special Education	K.S.A. 72-6433	749,383

NOTE I. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Health Insurance

During the year ended June 30, 2014, employees of the District were covered by the District's medical self-insurance plan ("the plan"). The plan was established October 1, 2013. The District's contribution per employee is \$430 per month for a single policy, \$540 per month for Employee +1, and \$590 per month for a family policy. All District employees, at their option, can authorize payroll withholdings to pay non-District provided contributions. Claims are paid by a third party administrator acting on behalf of the District. The plan is documented by contractual agreement.

**Unified School District Number 367
Osawatomie, Kansas**

**NOTES TO FINANCIAL STATEMENT
June 30, 2014**

NOTE I. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS - continued

Health Insurance - continued

The administrative contract between the District and the third party administrator is renewable annually and stop-loss premiums are included in the contractual provisions. The District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Coventry, a commercial insurer licensed or eligible to do business in Kansas in accordance with Kansas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$75,000 and with aggregate stop-loss insurance at 115% of annualized expected claims.

Incurred but not reported claims: Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Liabilities are reported when it is probable that claims have been incurred and the amount of liability can be reasonably estimated. Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available financial resources.

	Balance July 1, 2013	Claims	Payments	Balance June 30, 2014
Incurred but not reported claims	\$ 0	\$ 485,545	\$ 451,725	\$ 33,820

Other Post Employment Benefits: The District makes available to qualified retired employees an employer-sponsored group health care benefit plan upon written application filed with the Clerk of the District. The District payment toward the group health insurance cost for the retiree equals the amount paid on behalf of full time teachers of the District. Participation in the Retiree Group Health Insurance Plan is voluntary. The amount paid by the District for year ended June 30, 2014 was \$6,758.

Other Post Employment Benefits: As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retiree's health insurance plan because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been qualified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (CORBA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Flexible Benefit Plan: The Board adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All employees of the District are eligible to participate in the Plan beginning the first day of the month following their employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Currently benefits offered through the Plan involve insurance coverage.

Compensated Absences: All full-time non-certified personnel receive five days vacation after a year of service and an additional day thereafter for each year of service with a maximum accumulation of 20 days. Upon retirement or leaving the District, the accumulated vacation pay is payable. At June 30, 2014, the District has not estimated the cost of accumulated vacation pay. The District's policy regarding sick pay permits employees to accumulate sick leave at the rate of one sick day per month up to a total accumulation of 150 days. An employee shall be paid \$50 per day for every sick day over 40 that he has accumulated at retirement. The cost of accumulated sick pay is not recorded at the time the benefits are accumulated. At June 30, 2014, the District has not estimated the cost of accumulated sick pay.

As of June 30, 2014, the estimated amount of liability for the vested portion of unused sick leave and accumulated vacation leave has not been calculated. Unpaid vacation and sick pay amounts are not accrued in the accompanying financial statements.

**Unified School District Number 367
Osawatomie, Kansas**

**NOTES TO FINANCIAL STATEMENT
June 30, 2014**

NOTE J. DEFINED BENEFIT PENSION PLAN

Plan description - The Unified School District Number 367, Kansas participates in the Kansas Public Employees Retirement System (KPERS) which is a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Funding policy - KSA 74-4919 and K.S.A. 74-49210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is Tier 1 or Tier 2 member. The Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provision of Section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

NOTE K. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settlement of claims has not exceeded commercial insurance coverage in any of the last three fiscal years.

NOTE L. OTHER INFORMATION

Reimbursed Expenses: The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursement as revenue in the same fund. For purposes of budgetary comparisons, the reimbursements are shown as adjustments for qualifying budget credits.

Ad valorem tax revenues: The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's office annually determines assessed valuation and the County Clerk spreads the annual assessment to the taxing units. One-half of the property taxes are due December 20 and distributed to the District by January 20 to finance a portion of the current year's budget. The second half is due May 20 and distributed to the District by June 5. The District Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

Contingencies: The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions which are specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2014.

Compliance with Kansas Statutes: The district exceeded budgeted expenses for Bond and Interest which is in violation of budget laws.

Management is aware of no other statutory violations for the period covered by the audit.

Rental Agreements: The District also rents space to Head Start at the rate of \$404 per month on a month to month basis. Rental income for the year was \$4,444 for this lease.

**Unified School District Number 367
Osawatomie, Kansas**

**NOTES TO FINANCIAL STATEMENT
June 30, 2014**

NOTE M. SUBSEQUENT EVENTS

Subsequent Events: The District evaluated subsequent events through December 4, 2014, the date the financial statements were available to be issued. The District had capital improvement project in progress at the end of the year. The details of the funding for the project is as follows:

Total contract value	\$2,887,622
Total payments as of 6/30/14	<u>2,071,035</u>
Total remaining to be paid	\$ 816,587

At a special meeting in July 2014, the Board approved to adopt a Capital Outlay Resolution to have the ability to levy up to 8 mills in the Capital Outlay Fund on a continuous and permanent basis.

The District is currently awaiting the State's assessment of the District's share of the KPERS liability as required under the new GASB pronouncements. The liability will be computed on information provided by the State from 2014 data and will be recorded in 2015.

**REGULATORY BASIS
SUPPLEMENTARY INFORMATION**

Unified School District Number 367
Osawatomie, Kansas

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
BUDGETED FUNDS ONLY
For Year Ended June 30, 2014

	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Budget Credits</u>
General Funds			
General	\$ 8,804,094	\$ 0	\$ 181,711
Supplemental general	2,400,000	0	0
Special Purpose Funds			
Adult education	85,228	0	0
Adult Supplementary	590,149	0	0
At risk - 4 year old	65,000	0	0
At risk - K-12	1,500,000	0	0
Capital outlay	700,000	0	0
Driver training	21,515	0	0
Food service	869,348	0	0
Professional development	17,500	0	0
Parent education program	20,000	0	0
Special education	3,041,018	0	0
KPERS special retirement contribution	725,000	0	0
Vocational education	238,355	0	0
Bond and Interest Funds			
Bond and interest	1,324,384	0	0
	<u>\$ 20,401,591</u>	<u>\$ 0</u>	<u>\$ 181,711</u>

See Independent Auditor's Report.

Schedule 1

<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
\$ 8,985,805	\$ 8,867,489	\$ (118,316)
2,400,000	2,400,000	0
85,228	80,060	(5,168)
590,149	510,047	(80,102)
65,000	65,000	0
1,500,000	1,500,000	0
700,000	166,319	(533,681)
21,515	12,813	(8,702)
869,348	783,790	(85,558)
17,500	15,465	(2,035)
20,000	19,755	(245)
3,041,018	2,776,273	(264,745)
725,000	689,795	(35,205)
238,355	232,078	(6,277)
<u>1,324,384</u>	<u>1,324,429</u>	<u>45</u>
\$ <u>20,583,302</u>	\$ <u>19,443,314</u>	\$ <u>(1,139,988)</u>

See Independent Auditor's Report.

Unified School District Number 367

Osawatomie, Kansas

Schedule 2a

GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For Year Ended June 30, 2014

(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		Variance Over (Under)
	2013 Actual	Actual	Budget	
Cash Receipts				
Local sources				
Ad valorem property	\$ 718,924	\$ 723,914	\$ 725,293	\$ (1,379)
Delinquent	16,797	25,405	11,493	13,912
Reimbursed expenses	76,317	181,711	0	181,711
State sources				
Equalization aid	6,068,702	6,233,305	6,251,559	(18,254)
Special education aid	1,712,867	1,703,154	1,815,749	(112,595)
Total cash receipts	<u>8,593,607</u>	<u>8,867,489</u>	<u>\$ 8,804,094</u>	<u>\$ 63,395</u>
Expenditures				
Instruction				
Salaries	2,132,735	2,163,526	\$ 2,486,049	\$ (322,523)
Employee benefits	541,661	610,666	596,241	14,425
Purchased professional services	0	0	49,616	(49,616)
Purchased property services	0	0	106	(106)
Other purchased services	1,323	237	1,000	(763)
Supplies	119,551	94,236	109,249	(15,013)
Other	0	0	30,000	(30,000)
Student support services				
Salaries	147,834	150,200	159,492	(9,292)
Employee benefits	33,184	35,880	35,138	742
Supplies	1,976	2,760	2,000	760
Instruction support staff				
Salaries	162,741	121,423	164,370	(42,947)
Employee benefits	33,245	31,794	34,572	(2,778)
Supplies	11,042	13,187	10,000	3,187
General administration				
Salaries	280,786	285,703	280,786	4,917
Employee benefits	96,090	123,356	44,230	79,126
Purchased professional services	114,276	120,286	115,000	5,286
Other purchased services	138,417	149,122	218,000	(68,878)
Supplies	1,747	2,429	1,800	629
School administration				
Salaries	564,641	589,965	570,287	19,678
Employee benefits	76,578	93,855	82,462	11,393
Supplies	62,955	3,149	2,500	649
Operations and maintenance				
Purchased property services	77,997	70,384	44,800	25,584
Supplies	0	0	7,000	(7,000)

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2a

GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		Variance
	2013	Actual	Budget	Over
	Actual			(Under)
Expenditures (continued)				
Other support services				
Salaries	\$ 103,486	\$ 104,868	\$ 104,520	\$ 348
Employee benefits	13,977	13,086	18,751	(5,665)
Other purchased services	732	490	700	(210)
Supplies	440	1,015	400	615
Student activities	316,520	319,520	0	319,520
Operating transfers				
Special education	1,868,847	1,924,570	1,840,025	84,545
At Risk (K-12)	1,420,000	1,500,000	1,500,000	0
At Risk (4 yr old)	65,000	65,000	65,000	0
Capital outlay	17,826	65,772	0	65,772
Contingency Reserve	5,000	0	0	0
Food Service	23,000	0	20,000	(20,000)
Vocational education	160,000	211,010	210,000	1,010
Adjustment to comply with legal maximum	0	0	0	0
Legal general fund budget & expenditures	8,593,607	8,867,489	8,804,094	63,395
Adjustments for qualifying budget credits	0	0	181,711	(181,711)
Total expenditures	<u>8,593,607</u>	<u>8,867,489</u>	<u>\$ 8,985,805</u>	<u>\$ (118,316)</u>
Receipts over (under) expenditures	0	0		
Unencumbered cash (deficit), July 1	0	0		
Unencumbered cash (deficit), June 30	<u>\$ 0</u>	<u>\$ 0</u>		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2b

SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		Variance
	2013	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad valorem property	\$ 944,709	\$ 1,079,442	\$ 1,138,024	\$ (58,582)
Delinquent	24,918	34,597	15,164	19,433
County sources				
Motor vehicle	116,850	126,913	123,670	3,243
State sources				
Supplemental State Aid	1,220,834	1,215,954	1,196,021	19,933
Other				
Miscellaneous Reimbursement	8,251	0	0	0
Total cash receipts	<u>2,315,562</u>	<u>2,456,906</u>	<u>\$ 2,472,879</u>	<u>\$ (15,973)</u>
Expenditures				
Instruction				
Property	68,631	124,196	\$ 0	\$ 124,196
General administration				
Purchased professional services	4,617	3,941	5,000	(1,059)
Operations and maintenance				
Salaries	414,132	372,712	418,274	(45,562)
Employee benefits	77,536	82,926	77,950	4,976
Purchased professional services	67,767	73,050	70,000	3,050
Purchased property services	110,130	75,547	50,000	25,547
Supplies	112,187	134,539	100,000	34,539
Energy	466,213	515,658	475,000	40,658
Student transportation services				
Salaries	46,600	47,300	46,460	840
Vehicle operating services				
Salaries	100,540	131,247	101,545	29,702
Supplies	11,369	12,713	0	12,713
Motor fuel	38,963	16,759	45,000	(28,241)

See Independent Auditor's Report.

Unified School District Number 367
Osawatomie, Kansas

Schedule 2b

SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

	2013	2014		Variance Over (Under)
		Actual	Budget	
Expenditures (continued)	Actual	Actual	Budget	
Vehicle services & maintenance services				
Purchased professional services	\$ 2,098	\$ 2,343	\$ 12,000	\$ (9,657)
Supplies	19,253	20,371	0	20,371
Equipment	60,431	2,060	0	2,060
Other supplemental services				
Community services operations	5,800	0	5,800	(5,800)
Operating transfers				
Special education	732,751	749,383	942,993	(193,610)
Parent education program	19,221	19,755	20,000	(245)
Professional development	10,611	15,500	10,000	5,500
Food service	31,150	0	19,978	(19,978)
Total expenditures	2,400,000	2,400,000	\$ 2,400,000	\$ 0
Receipts over (under) expenditures	(84,438)	56,906		
Unencumbered cash, July 1	87,679	3,241		
Unencumbered cash, June 30	\$ 3,241	\$ 60,147		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2c

SPECIAL PURPOSE FUNDS
ADULT EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		Variance
	2013	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
State sources				
Adult basic aid	\$ 82,573	\$ 79,832	\$ 85,000	\$ (5,168)
Total cash receipts	<u>82,573</u>	<u>79,832</u>	<u>85,000</u>	<u>(5,168)</u>
Expenditures				
Instruction				
Salaries	52,083	33,685	\$ 33,330	\$ 355
Employee benefits	12,814	14,519	12,922	1,597
Other purchased services	534	1,525	500	1,025
Supplies	542	218	8,347	(8,129)
Student support services				
Salaries	13,926	28,544	28,129	415
Supplies	918	1,341	1,000	341
Special area administration				
Supplies	<u>1,528</u>	<u>228</u>	<u>1,000</u>	<u>(772)</u>
Total expenditures	<u>82,345</u>	<u>80,060</u>	<u>85,228</u>	<u>(5,168)</u>
Receipts over (under) expenditures	228	(228)		
Unencumbered cash, July 1	<u>0</u>	<u>228</u>		
Unencumbered cash, June 30	<u>\$ 228</u>	<u>\$ 0</u>		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2d

SPECIAL PURPOSE FUNDS
ADULT SUPPLEMENTARY EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		Variance
	2013	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Tuition	\$ 88,193	\$ 464,480	\$ 396,868	\$ 67,612
Other Revenue	549	711	200,000	(199,289)
Miscellaneous	0	8,408	0	8,408
State sources				
Adult basic aid	153,458	5,261	0	5,261
Total cash receipts	<u>242,200</u>	<u>478,860</u>	<u>\$ 596,868</u>	<u>\$ (118,008)</u>
Expenditures				
Instruction				
Salaries	34,102	145,990	\$ 153,459	\$ (7,469)
Purchased professional and technical	15,266	46,611	6,830	39,781
Other purchased services	0	0	400	(400)
Supplies	674	20,025	2,205	17,820
Property	0	0	100,000	(100,000)
Student support services				
Salaries	31,428	119,975	141,426	(21,451)
Employee benefits	8,199	43,704	36,892	6,812
Other purchased services	1,670	2,905	6,610	(3,705)
Supplies	7,518	12,063	33,831	(21,768)
Property	0	0	1,000	(1,000)
Instructional Support Staff				
Salaries	23,888	118,720	107,496	11,224
Employee benefits	0	54	0	54
Total expenditures	<u>122,745</u>	<u>510,047</u>	<u>\$ 590,149</u>	<u>\$ (80,102)</u>
Receipts over (under) expenditures	119,455	(31,187)		
Unencumbered cash, July 1	<u>0</u>	<u>119,455</u>		
Unencumbered cash, June 30	<u>\$ 119,455</u>	<u>\$ 88,268</u>		

See Independent Auditor's Report.

Unified School District Number 367
Osawatomie, Kansas

Schedule 2e

SPECIAL PURPOSE FUNDS
AT RISK - 4 YEAR OLD FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		<u>2014</u>		<u>Variance</u>
	<u>2013</u>	<u>Actual</u>	<u>Budget</u>	<u>Over</u>
	<u>Actual</u>			<u>(Under)</u>
Cash Receipts				
Operating transfers				
General	\$ <u>65,000</u>	\$ <u>65,000</u>	\$ <u>65,000</u>	\$ <u>0</u>
Expenditures				
Instruction				
Salaries	60,218	60,211	\$ 60,829	\$ (618)
Employee benefits	<u>4,782</u>	<u>4,789</u>	<u>4,171</u>	<u>618</u>
Total expenditures	<u>65,000</u>	<u>65,000</u>	<u>\$ 65,000</u>	<u>\$ 0</u>
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	<u>0</u>	<u>0</u>		
Unencumbered cash, June 30	\$ <u>0</u>	\$ <u>0</u>		

See Independent Auditor's Report.

Unified School District Number 367**Osawatomie, Kansas****Schedule 2f****SPECIAL PURPOSE FUNDS****AT RISK - K-12 FUND****SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET****REGULATORY BASIS****For Year Ended June 30, 2014****(With Comparative Actual totals for the Prior Year Ended June 30, 2013)**

		2014		
	2013			Variance
	Actual	Actual	Budget	Over
				(Under)
Cash Receipts				
Other				
Transfer from General	\$ 1,420,000	\$ 1,500,000	\$ 1,500,000	\$ 0
Expenditures				
Instruction				
Salaries	1,296,710	1,412,401	\$ 1,359,676	\$ 52,725
Employee Benefits	83,776	83,365	84,614	(1,249)
Professional and Technical Services	0	0	25,710	(25,710)
Property	39,514	4,234	30,000	(25,766)
Total expenditures	1,420,000	1,500,000	\$ 1,500,000	\$ 0
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	0	0		
Unencumbered cash, June 30	\$ 0	\$ 0		

See Independent Auditor's Report.

Unified School District Number 367
Osawatomie, Kansas

Schedule 2g

SPECIAL PURPOSE FUNDS
CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		Variance
	2013	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad Valorem property	\$ 6	\$ 8	\$ 0	\$ 8
Delinquent	0	0	0	0
Idle Funds Interest	42,551	4,893	45,000	(40,107)
Other Revenue	182,549	91,577	25,000	66,577
Other				
Transfer from General	17,826	65,772	0	65,772
Total cash receipts	242,932	162,250	\$ 70,000	\$ 92,250
Expenditures				
Instruction				
Property	127,735	87,240	\$ 150,000	\$ (62,760)
Student support services				
Property	47,819	36,000	50,000	(14,000)
Operations and maintenance				
Property	3,342	7,090	100,000	(92,910)
Transportation				
Property	0	0	100,000	(100,000)
Facility acquisition & construction				
Land Acquisition	0		100,000	(100,000)
Site improvement	0	35,989	100,000	(64,011)
Outside Contractors	0	0	100,000	(100,000)
Total expenditures	178,896	166,319	\$ 700,000	\$ (533,681)
Receipts over (under) expenditures	64,036	(4,069)		
Unencumbered cash, July 1	594,545	658,581		
Unencumbered cash, June 30	<u>\$ 658,581</u>	<u>\$ 654,512</u>		

See Independent Auditor's Report.

Unified School District Number 367

Osawatomie, Kansas

Schedule 2h

SPECIAL PURPOSE FUNDS

DRIVER TRAINING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

REGULATORY BASIS

For Year Ended June 30, 2014

(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		
	2013			Variance
	Actual	Actual	Budget	Over
				(Under)
Cash Receipts				
Local sources				
Other Revenue	\$ 9,436	\$ 10,856	\$ 0	\$ 10,856
State sources				
State safety aid	<u>6,975</u>	<u>5,780</u>	<u>9,200</u>	<u>(3,420)</u>
Total cash receipts	<u>16,411</u>	<u>16,636</u>	<u>\$ 9,200</u>	<u>\$ 7,436</u>
Expenditures				
Instruction				
Salaries	13,276	10,075	\$ 15,000	\$ (4,925)
Employee benefits	1,028	783	1,515	(732)
Supplies	269	409	2,000	(1,591)
Vehicle operations and maintenance				
Motor fuel	<u>1,599</u>	<u>1,546</u>	<u>3,000</u>	<u>(1,454)</u>
Total expenditures	<u>16,172</u>	<u>12,813</u>	<u>\$ 21,515</u>	<u>\$ (8,702)</u>
Receipts over (under) expenditures	239	3,823		
Unencumbered cash, July 1	<u>12,733</u>	<u>12,972</u>		
Unencumbered cash, June 30	\$ <u>12,972</u>	\$ <u>16,795</u>		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatimie, Kansas**

Schedule 2i

SPECIAL PURPOSE FUNDS
FOOD SERVICES
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		Variance
	2013	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Student school lunch and				
Breakfast receipts	\$ 124,840	\$ 139,902	\$ 128,302	\$ 11,600
Adult and student sales	19,037	20,654	20,140	514
Miscellaneous	56,718	59,687	75,000	(15,313)
Interest	0	0	75,000	(75,000)
State sources				
Equalization aid	7,260	7,657	6,218	1,439
Federal sources				
Child nutrition programs	533,239	555,640	496,357	59,283
Other Federal Aid	0	0	10,000	(10,000)
Operating transfers				
General	23,000	0	20,000	(20,000)
Supplemental general	31,150	0	19,978	(19,978)
Total cash receipts	<u>795,244</u>	<u>783,540</u>	<u>\$ 850,995</u>	<u>\$ (67,455)</u>
Expenditures				
Operations & Maintenance				
Purchased propert services	0	0	\$ 10,000	\$ (10,000)
Supplies	0	0	10,000	(10,000)
Food service operation				
Salaries	321,016	304,073	324,226	(20,153)
Employee benefits	56,934	59,960	80,122	(20,162)
Supplies	396,053	412,049	420,000	(7,951)
Repairs and maintenance	1,391	1,931	0	1,931
Property	18,138	5,777	25,000	(19,223)
Total expenditures	<u>793,532</u>	<u>783,790</u>	<u>\$ 869,348</u>	<u>\$ (85,558)</u>
Receipts over (under) expenditures	1,712	(250)		
Unencumbered cash, July 1	<u>16,642</u>	<u>18,354</u>		
Unencumbered cash, June 30	<u>\$ 18,354</u>	<u>\$ 18,104</u>		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatimie, Kansas**

Schedule 2i

SPECIAL PURPOSE FUNDS
PROFESSIONAL DEVELOPMENT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		Variance
	2013	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local Sources				
Other Reimbursements	\$ 3,000.00	\$ 0	\$ 5000	\$ (5,000)
Operating transfers				
Supplemental general	10,611	15,500	10,000	5,500
Total cash receipts	13,611	15,500	15,000	500
Expenditures				
Instruction support staff				
Salaries	135	0	\$ 2,000	\$ (2,000)
Purchased professional and technical services	0	0	15,000	(15,000)
Other purchased services	12,403	15,465	0	15,465
Supplies	183	0	500	(500)
Total expenditures	12,721	15,465	\$ 17,500	\$ (2,035)
Receipts over (under) expenditures	890	35		
Unencumbered cash, July 1	7,356	8,246		
Unencumbered cash, June 30	\$ 8,246	\$ 8,281		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2k

SPECIAL PURPOSE FUNDS
PARENT EDUCATION PROGRAM FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		Variance
	2013	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Operating transfers				
Supplemental general	\$ 19,221	\$ 19,755	\$ 20,000	\$ (245)
Expenditures				
Student support services				
Other purchased services	19,221	19,755	\$ 20,000	\$ (245)
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	0	0		
Unencumbered cash, June 30	\$ 0	\$ 0		

See Independent Auditor's Report.

Unified School District Number 367

Osawatomie, Kansas

Schedule 21

SPECIAL PURPOSE FUNDS

SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

REGULATORY BASIS

For Year Ended June 30, 2014

(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		
	2013	Actual	Budget	Variance Over (Under)
	Actual			
Cash Receipts				
Local Sources				
Other	\$ 0	\$ 90,707	\$ 100,000	\$ (9,293)
Operating transfers				
General	1,868,847	1,924,570	1,840,025	84,545
Supplemental general	<u>732,751</u>	<u>749,383</u>	<u>942,993</u>	<u>(193,610)</u>
Total cash receipts	<u>2,601,598</u>	<u>2,764,660</u>	<u>\$ 2,883,018</u>	<u>\$ (109,065)</u>
Expenditures				
Instruction				
Salaries	0	19,411	\$ 0	\$ 19,411
Payments to Special Education COOP	2,145,675	2,365,775	2,413,676	(47,901)
Supplies	0	20,515	250,000	(229,485)
Student Support Services				
Salaries	0	0	8,000	(8,000)
Vehicle operating services				
Salaries	7,826	33,720	0	33,720
Other purchased services	319,181	299,201	329,582	(30,381)
Motor fuel	<u>27,735</u>	<u>37,651</u>	<u>39,760</u>	<u>(2,109)</u>
Total expenditures	<u>2,500,417</u>	<u>2,776,273</u>	<u>\$ 3,041,018</u>	<u>\$ (264,745)</u>
Receipts over (under) expenditures	101,181	(11,613)		
Unencumbered cash, July 1	<u>99,396</u>	<u>200,577</u>		
Unencumbered cash, June 30	<u>\$ 200,577</u>	<u>\$ 188,964</u>		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2m

SPECIAL PURPOSE FUNDS
KPERs SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		Variance
	2013	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
State Sources				
KPERs	\$ 587,850	\$ 689,795	\$ 725,000	\$ (35,205)
Expenditures				
Instruction				
Employee benefits	397,457	459,250	\$ 490,923	\$ (31,673)
Student support				
Employee benefits	14,027	27,434	18,250	9,184
Instructional support				
Employee benefits	18,985	25,343	18,300	7,043
General administration				
Employee benefits	27,038	31,001	32,150	(1,149)
School administration				
Employee benefits	50,186	59,338	60,166	(828)
Other supplemental services				
Employee benefits	9,962	11,631	10,816	815
Operations and maintenance				
Employee benefits	33,429	37,183	43,941	(6,758)
Student transportation services				
Employee benefits	11,969	12,989	16,200	(3,211)
Food services				
Employee benefits	24,797	25,626	34,254	(8,628)
Total expenditures	<u>587,850</u>	<u>689,795</u>	<u>\$ 725,000</u>	<u>\$ (35,205)</u>
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	<u>0</u>	<u>0</u>		
Unencumbered cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>		

See Independent Auditor's Report

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2n

SPECIAL PURPOSE FUNDS
VOCATIONAL EDUCATION PROGRAM FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		Variance
	2013	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Miscellaneous	\$ 0	\$ 7,000	\$ 0	\$ 7,000
State sources				
State Aid	0	14,068	28,355	(14,287)
Operating transfers				
General	160,000	211,010	210,000	1,010
Total cash receipts	160,000	232,078	\$ 210,000	\$ (6277)
Expenditures				
Instruction support staff				
Salaries	145,329	172,144	\$ 192,329	\$ (20,185)
Employee benefits	11,874	12,011	13,220	(1,209)
Purchased professional and technical services	1,300	13,940	1,000	12,940
Supplies	1,497	927	0	927
Student Transportation Services	0	33,056	31,806	1,250
Total expenditures	160,000	232,078	\$ 238,355	\$ (6277)
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	0	0		
Unencumbered cash, June 30	\$ 0	\$ 0		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2o

SPECIAL PURPOSE FUNDS
GIFTS AND GRANTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
Cash Receipts		
Local sources		
Donations	\$ <u>169,679</u>	\$ <u>205,178</u>
Total cash receipts	169,679	205,178
Expenditures		
General administration		
Supplies	\$ <u>164,143</u>	\$ <u>184,835</u>
Receipts over (under) expenditures	5,536	20,343
Unencumbered cash, July 1	<u>39,159</u>	<u>44,695</u>
Unencumbered cash, June 30	\$ <u><u>44,695</u></u>	\$ <u><u>65,038</u></u>

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2p

SPECIAL PURPOSE FUNDS
CARL PERKINS GRANT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
Cash Receipts		
State sources		
Grants	\$ <u>13,138</u>	\$ <u>10,836</u>
Expenditures		
Instruction		
Professional development	2,676	5,791
Supplies	<u>10,462</u>	<u>5,045</u>
Total expenditures	<u>13,138</u>	<u>10,836</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2g

SPECIAL PURPOSE FUNDS
CONTINGENCY RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
Cash Receipts		
Operating transfers		
General	\$ 5,000	\$ 0
Expenditures		
Emergency expenses	<u>0</u>	<u>0</u>
Receipts over (under) expenditures	5,000	0
Unencumbered cash, July 1	<u>150,123</u>	<u>155,123</u>
Unencumbered cash, June 30	<u>\$ 155,123</u>	<u>\$ 155,123</u>

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2r

SPECIAL PURPOSE FUNDS
TEXTBOOK & STUDENT MATERIALS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
Cash Receipts		
Local sources		
Fees	\$ <u>77,596</u>	\$ <u>10,540</u>
Expenditures		
Instruction		
Supplies	<u>73,005</u>	<u>10,583</u>
Receipts over (under) expenditures	4,591	(43)
Unencumbered cash, July 1	<u>5,742</u>	<u>10,333</u>
Unencumbered cash, June 30	\$ <u><u>10,333</u></u>	\$ <u><u>10,290</u></u>

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2s

SPECIAL PURPOSE FUNDS
TITLE I
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
Cash Receipts		
Federal sources		
Grants	\$ 296,480	\$ 281,656
Expenditures		
Instruction		
Salaries	254,198	255,447
Employee benefits	14,867	15,317
Supplies	27,415	10,392
Purchased professional services	<u>0</u>	<u>500</u>
Total expenditures	<u>296,480</u>	<u>281,656</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See Independent Auditor's Report.

Unified School District Number 367
Osawatomie, Kansas

Schedule 2t

SPECIAL PURPOSE FUNDS
TITLE II A - TEACHER QUALITY
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
Cash Receipts		
Federal sources		
Grants	\$ <u>65,014</u>	\$ <u>62,459</u>
Expenditures		
Instruction		
Salaries	60,184	57,609
Employee benefits	<u>4,830</u>	<u>4,850</u>
Total expenditures	<u>65,014</u>	<u>62,459</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2u

BOND AND INTEREST FUNDS
BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

		2014		Variance
	2013	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad valorem property	\$ 557,834	\$ 591,786	\$ 599,736	\$ (7,950)
Delinquent	16,724	21,959	8,931	13,028
Other	862	0	0	0
County sources				
Motor vehicle	85,013	80,489	78,909	1,580
State sources				
Equalization aid	535,765	662,192	662,192	0
Total cash receipts	<u>1,196,198</u>	<u>1,356,426</u>	<u>\$ 1,349,768</u>	<u>\$ 6,658</u>
Expenditures				
Debt service				
Bond principal	770,000	900,000	\$ 900,000	\$ 0
Interest	<u>369,926</u>	<u>424,429</u>	<u>424,384</u>	<u>45</u>
Total expenditures	<u>1,139,926</u>	<u>1,324,429</u>	<u>\$ 1,324,384</u>	<u>\$ 45</u>
Receipts over (under) expenditures	56,272	31,997		
Unencumbered cash, July 1	<u>589,879</u>	<u>646,151</u>		
Unencumbered cash, June 30	<u>\$ 646,151</u>	<u>\$ 678,148</u>		

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2v

CAPITAL PROJECTS FUNDS
CONSTRUCTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
Cash Receipts		
Local Sources		
Miscellaneous	\$ 0	\$ 3,480,140
Interest	<u>0</u>	<u>171</u>
Total cash receipts	0	3,480,311
 Expenditures		
Facility acquisition and construction services		
Miscellaneous	<u>0</u>	<u>3,321,659</u>
Total expenditures	<u>0</u>	<u>3,321,659</u>
Receipts over (under) expenditures	0	158,652
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	\$ <u><u>0</u></u>	\$ <u><u>158,652</u></u>

See Independent Auditor's Report

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2w

BUSINESS FUNDS
HEALTH INSURANCE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For Year Ended June 30, 2014
(With Comparative Actual totals for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
Cash Receipts		
Other		
Premiums	\$ 0	\$ 621,628
Expenditures		
Claims and administrative services	<u>0</u>	<u>485,544</u>
Receipts over (under) expenditures	0	136,084
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 136,084</u></u>

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 2x

TRUST FUNDS
SCHOLARSHIP FUNDS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended June 30, 2014

Expendable Scholarship Trust Funds	Balance July 1, 2013	Gifts, Interest & Principal	Scholarship Disbursements	Balance June 30, 2014
Carter Development Fund	\$ 16,361	\$ 245	\$ 500	16,106
K. R. Johnson Scholarship	2,034	1	1,000	1,035
Noel-I. Ganoung Memorial	58	1	0	59
Rae Lynn Jones Scholarship	1,530	532	600	1,462
Twin Rivers Jazz Band Scholarship	12,401	(112)	0	12,289
Vossler Scholarship	26	0	26	0
Pepsi Scholarship	144	4	0	148
USD 367 Food Service Scholarship	10,408	(184)	1,000	9,224
Mac Steele Scholarship	5,397	12	350	5,059
Slayman/Elks Schol	0	2,177	500	1,677
Nadine Weber Memorial Scholarship	10,868	836	1,000	10,704
Silas/Hattie Whiteford Trust Scholarship	97,897	2,271	4,988	95,180
Willis McQueary Scholarship	1,355	20	500	875
Whiteford Education Foundation	3,334	92	0	3,426
Hawkins Scholarship	24,125	238	1,000	23,363
Cindy Schwarz Scholarship	857	1,031	1,000	888
Osawatomie VFW Scholarship	14,643	182	1,000	13,825
Class of 1974	1,685	6,067	500	7,252

**Total Expendable Scholarship
Trust Funds**

\$ 203,123 \$ 13,413 \$ 13,964 \$ 202,572

Permanent Scholarship Trust Funds	Balance July 1, 2013	Gifts, Interest & Principal	Scholarship Disbursements	Balance June 30, 2014
Architecture Engineer Scholarship	\$ 62,354	\$ 2,240	\$ 1,000	63,594
Appenfeller Memorial Scholarship	11,140	27	500	10,667
Harold D Barnhart Memorial Scholarship	69,277	1,377	2,000	68,654
H. Dean Brown Memorial Scholarship	1,797	49	0	1,846
Marie Cherry Scholarship	8,427	21	200	8,248
William & Nadine Eddy Scholarship	14,122	(71)	350	13,701
George & Ann Graham Scholarship	78,419	1,695	1,300	78,814
Lois Hanna Kinkead Memorial Scholarship	26,573	(1,608)	650	24,315
Roy & Mary McDaniel Scholarship	14,044	238	0	14,282
Chester Pennock Scholarship	5,832	20	5,852	0
John Vasquez Memorial Scholarship	21,917	58	0	21,975
VFW Auxiliary Scholarship	4,487	9	200	4,296
Robert J. Wagers Memorial Scholarship	44,255	(2,397)	550	41,308
Bruce Waggoner Memorial Scholarship	22,543	85	0	22,628
Bertha & Irvin Walter Memorial Scholarship	13,831	241	200	13,872
Andrew Workman Scholarship	13,840	(78)	350	13,412
ONEA Teacher Scholarship	7,326	4,110	3,000	8,436
Melvin Stockwell Scholarship	20,258	(1,005)	650	18,603
Cavinee Scholarship	24,310	(1,659)	0	22,651

See Independent Auditor's Report.

**Unified School District 367
Osawatomie, Kansas**

Schedule 2x

**TRUST FUNDS
SCHOLARSHIP FUNDS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended June 30, 2014**

Permanent Scholarship Trust Funds	Balance July 1, 2013	Gifts, Interest & Principal	Scholarship Disbursements	Balance June 30, 2014
John/Arlene Shaw	\$ 73,614	\$ (4,218)	2,000	\$ 67,396
Rotary Archie Parks Scholarship	30,348	2,781	1,000	32,129
Marilyn Winegar Scholarship	10,892	513	500	10,905
ONEA Teachers Scholarship	8,988	(186)	0	8,802
Royce Bray Scholarship	640,198	(35,191)	16,000	589,007
Lurene Swenson Memorial Scholarship	3,926	107	0	4,033
Dick Booe Scholarship	3,609	270	350	3,529
Zakoura Scholarship	1,737	48	0	1,785
Partners in Education	12,452	467	1,500	11,419
Craig Powell Scholarship	31	1	0	32
Frank & Rosie Bowker	3,234	2,998	1,000	5,232
Robert Kitchen Memorial	2,023	56	0	2,079
Joe Fenoughty	1,455	438	300	1,593
Lambert-Goodwin	53,328	418	1,000	52,746
Total Permanent Scholarship Trust Funds	\$ 1,310,587	\$ (28,146)	\$ 40,452	\$ 1,241,989
Total Trust Funds	\$ 1,513,710	\$ (14,733)	\$ 54,416	\$ 1,444,561

See Independent Auditor's Report.

Unified School District Number 367
Osawatomie, Kansas

Schedule 3

SCHOOL ACTIVITY FUNDS

CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
For the Year Ended June 30, 2014

<u>Fund</u>	<u>Balance July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2014</u>
Student Organization Accounts				
O.H.S. Concessions	406	18,253	17,652	1,007
Catering Club	2,359	329	761	1,927
Elementary Yearbook Club	4,430	5,102	5,110	4,422
Yearbook Club O.H.S.	102	10,241	10,063	280
Yearbook Club O.M.S.	70	2,033	2,011	92
Journalism Club	3,284	1,730	1,799	3,215
Kansas Beef Council	0	150	150	0
Washington DC Club	11,572	73,782	74,737	10,617
Fellowship Christian Athletes	227	1,439	1,473	193
Art Club	200	1,486	1,197	489
O.M.S. Concessions	5,209	6,517	5,396	6,330
Lady Trojan Basketball	1,536	0	718	818
BB Club O.H.S.	0	1,107	797	310
Band Club O.H.S.	1,503	3,817	3,319	2,001
O.M.S. Band	49	6,035	4,936	1,148
O.M.S. Cheerleaders	340	0	100	240
Chess Club	147	0	147	0
Choir O.H.S.	2,722	6,263	5,649	3,336
Class of 2012	227	0	227	0
Class of 2013	28	0	28	0
Class of 2014	1,266	955	2,002	219
Class of 2015	1,267	1,035	1,212	1,090
Class of 2016	889	650	51	1,488
Class of 2017	383	820	64	1,139
Class of 2018	0	610	231	379
Trojan Faculty Club	63	156	219	0
Faculty Club O.H.S.	249	59	151	157
F.B.L.A	133	0	133	0
FCCLA	673	467	799	341
O.M.S. Ambassadors	1,505	669	384	1,790
O.M.S. Reading Club	268	3	25	246
O.H.S. Kays	1,338	8,078	8,609	807
O.H.S. STUCO	1,967	10,534	8,669	3,832
O.H.S. Science Club	17,128	27,707	22,505	22,330
O.H.S. STAC	0	2,063	2,063	0
O.M.S. Faculty Club	20	0	0	20
O.M.S. STUCO	15	0	15	0
O.M.S. STAC	8,844	20,952	19,152	10,644
2nd Grade Economics	39	282	315	6
Spanish Club	9,351	10,517	13,046	6,822
Swenson School STAC	2,832	5,331	4,966	3,197
Swenson School Faculty Club	771	0	183	588
O.H.S. Flag Corps	591	90	373	308
O.M.S. Drama Club	456	1,547	1,612	391
SADD Club	109	300	100	309

See Independent Auditor's Report.

Unified School District Number 367
Osawatomie, Kansas

Schedule 3

SCHOOL ACTIVITY FUNDS

CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
For the Year Ended June 30, 2014

<u>Fund</u>	Balance July 1, 2013	Receipts	Disbursements	Balance June 30, 2014
Student Organization Accounts - continued				
After Prom	\$ 5,679	\$ 9,701	\$ 9,770	\$ 5,610
BB MS Big Red Club	122	0	122	0
OHS Spirit Squad	1,530	5,525	5,045	2,010
District Vending	48	0	48	0
Trojan STAC	2,818	13,372	12,849	3,341
Adult Ed Vending	646	448	247	847
Technology Club	2,272	15,557	16,764	1,065
FFA Club	3,124	5,588	4,423	4,289
Baseball Club	237	1,320	934	623
Wrestling Club	0	3,322	3,015	307
Forensics Club	552	0	552	0
Watch D.O.G.S.	198	98	266	30
Football Club	188	2,000	975	1,213
Softball Club	12	1,031	1,043	0
Cross Country Club	179	599	544	234
High School Track Club	55	0	0	55
Weightlifting Club	148	0	0	148
HS Volleyball Club	323	1,191	1,162	352
Ladies Swim Club	1,003	1,330	1,670	663
Total	\$ <u>103,702</u>	\$ <u>292,191</u>	\$ <u>282,578</u>	\$ <u>113,315</u>

See Independent Auditor's Report.

**Unified School District Number 367
Osawatomie, Kansas**

Schedule 4

DISTRICT ACTIVITY FUNDS

**CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
For the Year Ended June 30, 2014**

<u>Fund</u>	Balance July 1, 2013	Receipts	Disbursements	Balance June 30, 2014
Fees and User Charges				
Sales Tax	\$ 35	\$ 11,653	\$ 11,653	\$ 35
Board of Education	0	42,871	42,871	0
C/A Book Rental	0	19,111	19,111	0
C/A Ind Arts Club O.H.S.	0	653	653	0
C/A Now Account	0	2	2	0
	<u>35</u>	<u>74,290</u>	<u>74,290</u>	<u>35</u>
Gate Receipts				
Athletics	0	34,662	34,662	0
	<u>0</u>	<u>34,662</u>	<u>34,662</u>	<u>0</u>
 Total all Schools	 \$ <u>35</u>	 \$ <u>108,952</u>	 \$ <u>108,952</u>	 \$ <u>35</u>

See Independent Auditor's Report.

Unified School District Number 367
Osawatomie, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2014

Federal Grant Pass Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Program Revenue Amount	Program Expenditure Amount
<u>U.S. Department of Agriculture</u>				
<u>Pass Through Kansas Department of Education</u>				
School Breakfast Program	10.553	N/A	\$ 148,695	\$ 148,695
National School Lunch Program	10.555	N/A	368,066	368,066
Cash for Commodities	10.555	N/A	38,127	38,127
Summer Food Service Program for Children	10.559	N/A	752	752
Child Nutrition Discretionary Grants	10.579	N/A	1,000	1,000
TOTAL DEPARTMENT OF AGRICULTURE			556,640	556,640
<u>U.S. Department of Education</u>				
<u>Pass Through Kansas Department of Education</u>				
Title I Grants to Local Educational Agencies	84.010	DO367	281,656	281,656
Title IIA Teacher Quality	84.367	DO367	62,459	62,459
TOTAL DEPARTMENT OF EDUCATION			344,115	344,115
<u>Kansas Board of Regents</u>				
Career and Technical Education	84.048	N/A	10,836	10,836
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 911,591	\$ 911,591

See accompanying notes.

**Unified School District Number 367
Osawatomie, Kansas**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2014**

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of District under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a select portion of the operations of District, it is not intended to and does not present the financial position, changes in net assets or cash flows of District.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the regulatory basis of accounting as described in the *Kansas Municipal Audit and Accounting Guide* (KMAAG). The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above. Expenditures as reported on the Schedule are recognized under the basis described above and follow the cost principles contained in OMB Circular regarding *Cost Principles* wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C. SUBRECIPIENTS

District did not provide federal awards to subrecipients for the year ended June 30, 2014.

SPECIAL REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Unified School district Number 367
Osawatimie, KS

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District Number 367, Osawatimie, KS as of and for the year ended June 30, 2014, and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated December 4, 2014. The District prepares its financial statement on a regulatory basis of accounting which demonstrates compliance with *Kansas Municipal Audit and Accounting Guide* which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatements of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose describe in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Apler & Sheddert, Chartered

Ottawa, Kansas
December 4, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Education
Unified School district Number 367
Osawatomie, KS

Report on Compliance for Each Major Federal Program

We have audited the District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based upon requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Cyber & Gaddert, Chartered

Ottawa, Kansas
December 4, 2014

**Unified School District Number 367
Osawatomie, Kansas**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2014**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses: None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses: No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
10.553	National School Breakfast Program	\$ 148,695
10.555	National School Lunch Program	368,066
10.555	Cash for Commodities	38,127
10.559	Summer Food Service	752
84.010	Title I Grants to Local Education Agencies	281,656

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

Auditee qualified as a low-risk auditee? Yes

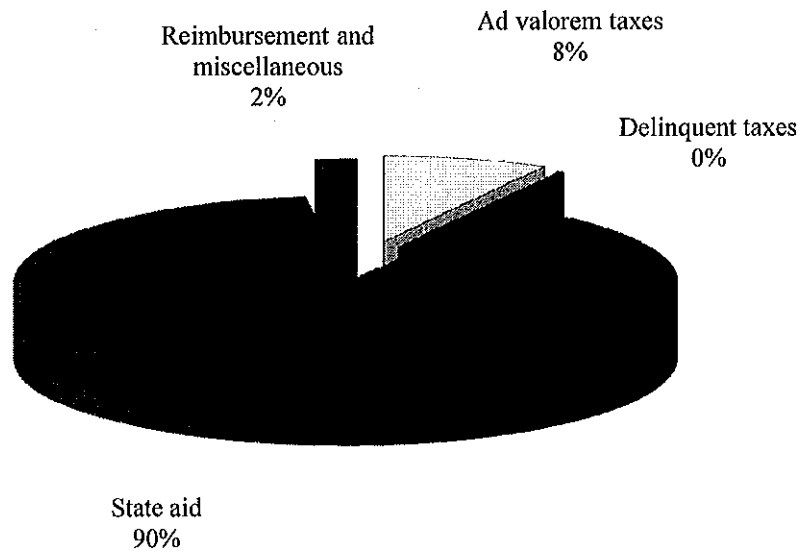
Prior Year Schedule of Findings and Questioned Costs None

GRAPHS

Unified School District Number 367
Osawatomie, Kansas

GENERAL FUND REVENUES
Year ended June 30, 2014

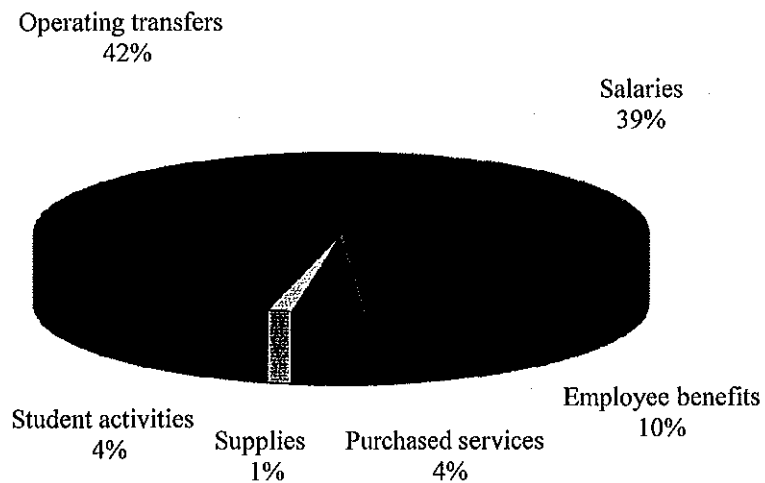
Ad valorem taxes	\$ 723,914
Delinquent taxes	25,405
State aid	7,936,459
Reimbursement and miscellaneous	<u>181,711</u>
Total revenues	<u><u>\$ 8,867,489</u></u>



Unified School District Number 367
Osawatomie, Kansas

GENERAL FUND EXPENDITURES BY TYPE
Year ended June 30, 2014

Salaries	\$ 3,415,685
Employee benefits	908,637
Purchased services	340,519
Supplies	116,776
Student activities	319,520
Operating transfers	<u>3,766,352</u>
Total expenditures	<u><u>\$ 8,867,489</u></u>



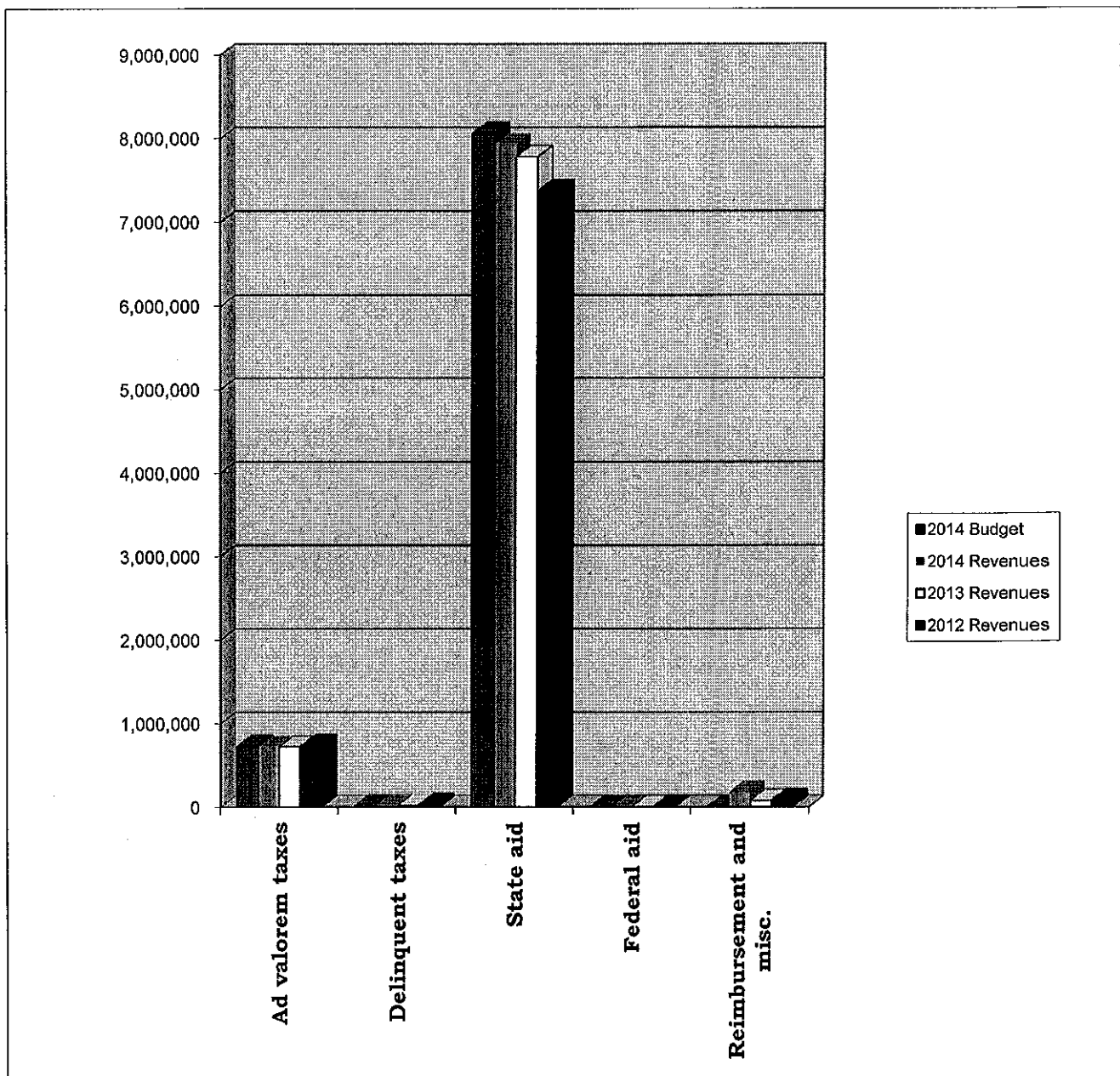
Unified School District Number 367, Osawatomie, Kansas

Osawatomie, Kansas

GENERAL FUND REVENUES AND BUDGET

Year ended June 30, 2014, 2013, and 2012

	2014 Budget	2014 Revenues	2013 Revenues	2012 Revenues
Ad valorem taxes	725,293	723,914	718,924	730,840
Delinquent taxes	11,493	25,405	16,797	29,946
State aid	8,067,308	7,936,459	7,781,569	7,375,840
Federal aid	0	0	0	3,604
Reimbursement and misc.	0	181,711	76,317	81,093
Total revenues	\$ 8,804,094	\$ 8,867,489	\$ 8,593,607	\$ 8,221,323



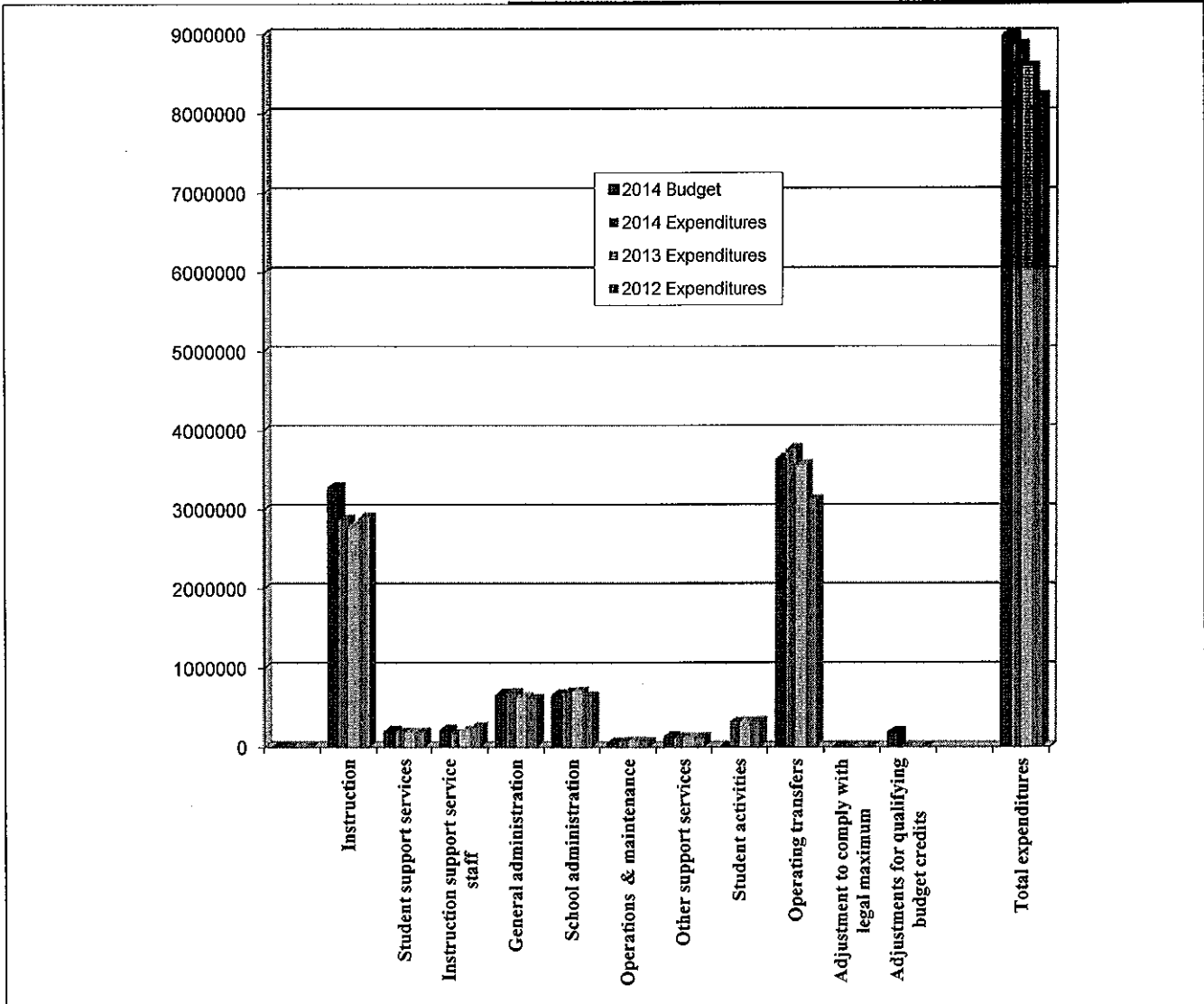
Unified School District Number 367

Osawatomie, Kansas

GENERAL FUND EXPENDITURES AND BUDGET

Year ended June 30, 2014, 2013, and 2012

	2014 Budget	2014 Expenditures	2013 Expenditures	2012 Expenditures
Instruction	3,272,261	2,868,665	2,795,270	2,901,389
Student support services	196,630	188,840	182,994	181,546
Instruction support service staff	208,942	166,404	207,028	247,159
General administration	659,816	680,896	631,316	610,838
School administration	655,249	686,969	704,174	640,843
Operations & maintenance	51,800	70,384	77,997	66,749
Other support services	124,371	119,459	118,635	120,430
Student activities	0	319,520	316,520	322,666
Operating transfers	3,635,025	3,766,352	3,559,673	3,129,703
Adjustment to comply with legal maximum	0	0	0	0
Adjustments for qualifying budget credits	181,711	0	0	0
Total expenditures	\$ 8,985,805	\$ 8,867,489	\$ 8,593,607	\$ 8,221,323

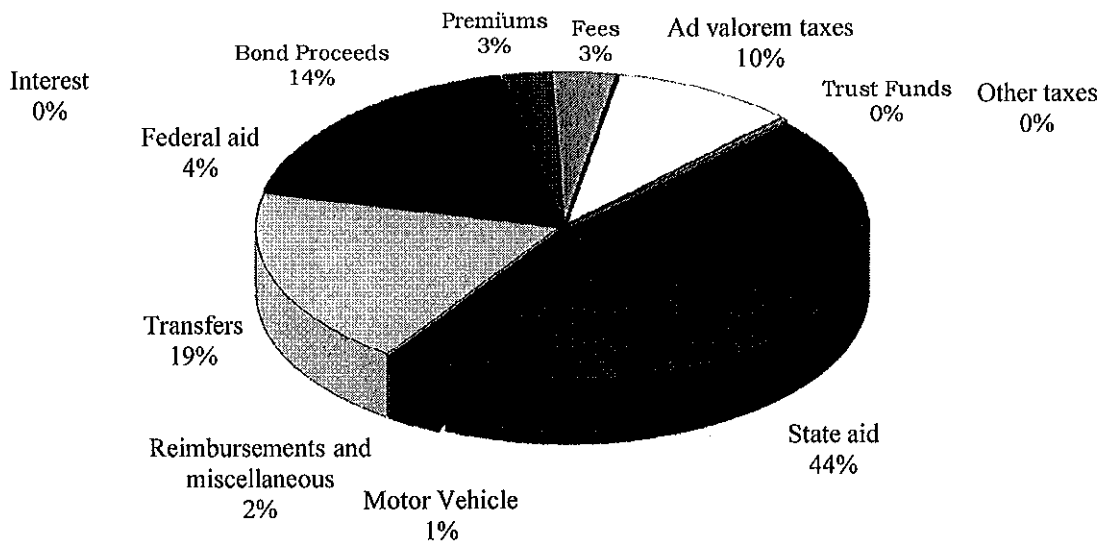


Unified School District Number 367
Osawatomie, Kansas

REVENUES FOR ALL FUNDS

Year ended June 30, 2014

Ad valorem taxes	\$ 2,395,142
Other taxes	81,969
State aid	10,616,998
Motor Vehicle	207,402
Reimbursements and miscellaneous	485,466
Transfers	4,641,697
Federal aid	910,591
Interest	5,064
Bond Proceeds	3,480,140
Premiums	621,628
Fees	824,190
Trust Funds	(14,733)
Total revenues	\$ 24,255,554



Unified School District Number 367

Osawatomic, Kansas

EXPENDITURES FOR ALL FUNDS

Year ended June 30, 2014

Instruction	1	8,149,425
Student support services	2	479,220
Instruction support service staff	3	558,064
General administration	4	902,014
School administration	5	746,307
Operations & maintenance	6	1,370,863
Other support services	7	131,090
Student activities	8	319,520
Operating transfers	9	4,550,990
Transportation	10	616,355
Facility acquisition & construction	11	3,357,648
Food service operation	12	809,416
Claims	13	485,544
Debt service	14	1,324,429
Trust Funds	15	54,416
Gate Receipts & Charges	16	108,952

Total expenditures \$ 23,964,253

